

Management Accounts Review – May 2023

For monitoring purposes, any Variance to Annual Budget / YTD Budget which shows a (Deficit) should be reviewed, and the reasons considered.

Overview

The first seven pages of the Management Accounts show summary information.

Note that Annual Budget and YTD Budget Variances are the same in March, as these accounts relate to the full year.

As well as being summarised on Page 3, Designated Reserves balances are also shown under the relevant budget section to indicate where some budget requirements may potentially be funded.

Page 7 shows the Summarised Income & Expenditure Account, with details of each budget section reported in more detail on pages 8 to 13.

Pages 13 to 15 show details of the “pots” of funds which the Town Council holds for various initiatives which are organised and funded in partnership with other stakeholders.

Summary

- 1) Before Management Accounts adjustments, the **Year To Date (YTD) Trial Balance** shows a surplus of **£173,878** (Page 1). This reflects the first tranche of the precept that was received at the end of April (£291,119) and will fund much of the expenditure for the first half of 2023-24.
- 2) **Net Assets** (excluding Fixed Asset Reserve) are reported to have fallen to **£574,338** from £616,186 at this point last year, reflecting the use of long-term investments to fund unplanned / over expenditure in 2022-23.
- 3) **Investments & Bank** (Page 2) have decreased by **£19,111** in the last year. See the detailed section below for a full explanation.
- 4) **Designated Reserves** (Page 3) have **increased by £28,553** after year-end adjustments, and the **General Reserve** has **decreased by**

£9,874. This is due to movement of funds between the general reserve and designated reserves after year-end adjustments.

5) **Income & Expenditure**

Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year. Income (including the Precept) has **decreased by £4,897** which is mostly due to the difference in Market and Christmas Festival income and is to do with a timing issue at this point last year. The precept has increased by £4,333 and Gross Expenditure has fallen by **£8,098** resulting in an adjusted **NET Surplus of £3,111** compared to May 2022.

Page 5 shows a summary of adjusted YTD Budget compared to YTD Actuals. It reports an adjusted **NET Surplus of £51,349** compared to an expected Budget Deficit of **£12,825**. This can be seen from the YTD underspend in Operational & Administrative expenses and Initiatives and Projects which is a timing issue.

Please see the detailed section below for full details on income and expenditure.

Page 6 has two pie charts showing the proportion of YTD Income and Expenditure (p7) from different budget sections. Precept, Rents and the Market & Christmas Festival Income [Net] are the most significant sources of income (in addition to Cemetery Fees which are not shown separately here as they are included under Expenditure – Cemetery [Net]), while just over half of the expenditure is on Operational & Administrative Expenses, followed by Cemetery [Net], Civic Expenditure and the Tranquility Garden.

- 6) Page 7 confirms that, after Management Accounts adjustments, the **Net Surplus** is reported as **£51,349**. However, as reported above there are timing issues to take into account for expenditure. It is still very early in the financial year. Reserves movements will be confirmed by the accountants as part of the Year End process to prepare the Financial Statements.
- 7) Some of the other Annual / YTD key figures reported on Page 7 are reviewed in more detail below.

Detailed Review

Page 2 – Investments & Bank

This shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash. The total funds stand at **£603,460** which is an **increase of £19,111** in total compared to May 2022, namely due to CIL receipts, and an increase from March's figure due to the first tranche of the precept being received in April. The large difference in long term investments between now and this point last year is attributable to the Cambridge & Counties Bank 2-year fixed bond maturing in December and being transferred to the Cambridge & Counties Bank Savings Account. The difference in short term investments and cash at bank is to do with the timing of transferring funds between accounts.

Page 3 – Reserves

Designated Reserves shows the balances and variance in funds between the current point in the financial year and the last financial year end. Funds have **increased by £18,679** due to the designated reserves increasing by £28,553 and general reserve decreasing by £18,679. Again, this is largely attributable to CIL receipts.

Note that the General Reserve is available to be used for any Council expenditure, while the other Designated Reserves are “ring fenced” and held for specific purposes. The Community Infrastructure Levy (CIL) balance is also “ring fenced” for projects and initiatives for the benefit of the local community, to be agreed by Council. **Funding from this “pot” will be required for any reduction in Net Surplus (or an Actuals Deficit) at the 2023-24 year-end (after the final year-end adjustments).**

p4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4) - The **YTD Gross income has decreased by £9,320**, with **NET Income decreasing by £4,987**. This is mostly attributable to a decrease in Market and Christmas Festival income which is due to a timing issue this time last year. There has also been a dip in Town Hall income. The YTD Gross expenditure has **decreased by £8,098** since May 2022, despite an increase in **Market and Christmas Festival expenditure of £9,430** which is due to a timing issue in 2022.

When compared against the YTD Budget (p5), the **YTD Gross Income is £1,818 above budget and Gross expenditure is £49,531 below budget, giving a NET surplus of £51,349** against a NET YTD budgeted deficit of £12,825. This is due to timing as a large amount of expenditure takes place in the second half of the financial year. Although there are some small deficits, they are not beyond the annual budget figure and not currently a concern.

p7 (Summarised Income & Expenditure) confirms that after management account adjustments, there is currently **a £51,349 surplus** for the year

(due to timing) against an annual budgeted deficit of £76,945. It is anticipated that CIL receipts will lessen the budget deficit however as they are an unknown amount it cannot be guaranteed.

Page 8 – Market & Christmas Festival

Currently, the Market income is slightly under budget by £715 although full payments have been received for April and May. This is offset against **expenditure that is £4,221 under budget** (mostly attributable to timing), giving a **NET income of £11,334** after the deduction of the District Council's 60% share, which is **£3,506 above the YTD budget**.

Page 8 – Town Hall Commercial Management

The **YTD Town Hall income is showing £1,413 under budget** but is still more than double the income this time last year due to the Covid-19 Pandemic. **YTD expenditure is sitting at £2,384 under budget**, giving a **YTD NET Surplus of £970**.

Page 9 – Operational & Administrative Expenses

The **YTD actuals are £25,401 under budget i.e. in surplus**, as well as a significant decrease when compared to May 2022. There are a number of YTD deficits in this section, however as they are relatively small and have not exceeded the annual budget, they are not currently a concern. The most significant variances are down to timing, where more spend is expected later in the year. Audit fees are anticipated to go over budget due to an unexpected increase in charges. Heating and lighting is another budget line where expenditure may go over budget due to the drastic increase in energy prices since the budget was set. Energy saving efficiencies should continue to be sought.

Page 10 – Civic Expenditure

Civic expenditure has decreased by approximately £1,000 when compared to May 2022, but overall, the YTD expenditure is £2,399 over the YTD budget, mostly due to an unexpected invoice for flagpole removal. As this overspend could even out over the year and the annual budget has not been exceeded this is not of great concern, however, spend should continue to be monitored to avoid a year end deficit.

Page 11 – Cemetery

The **YTD Fee income is £2,461 under budget i.e. in deficit**, standing at **£12,520**, some £600 less than May 2022. This is against **YTD expenditure of £32,595** which is **£5,028 under budget i.e. in surplus**. This results in a **YTD budget surplus of £2,568**. Again, the variances are mostly due to timing and will adjust as the year progresses.

Page 12 – Holy Trinity Churchyard & Garden of Remembrance

Due to tree repairs, the **YTD budget** for Holy Trinity is currently **£486 in deficit**, but it is anticipated that spend will even out over the year. There is generally little expenditure for this budget line as maintenance costs for labour are included in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section. This is something to consider changing for the future if more accuracy is wanted for this budget area and may help the Cemetery budget.

Page 12 – Tranquility Garden

YTD Fee income is £856 under budget i.e. in deficit which is slightly offset by no expenditure for this month, leaving a **negative YTD NET expenditure of £689 i.e. underspend**. Again, it should be noted that labour maintenance costs for the Tranquillity Garden are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section. This is something to consider changing for the future if more accuracy is wanted for this budget area.

Page 12 – Allotments – Park Road

There has been very little activity in relation to the allotment finances, with **£0 YTD income and £8 YTD expenditure**. This leaves the allotments with a **YTD NET expenditure of £8 and a YTD budget surplus of £35**. Again, Again, it should be noted that labour maintenance costs for the Allotments are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11).

Page 13 – Hatton Rock

The **YTD expenditure** is reported to be **£4,167** against a YTD budget of £3,246, leaving the **YTD budget £921 in deficit**. This is due to a year-end adjustment by our accountants for rent. These figures are before the apportionment of storage costs for the Shakespeare Birthday Celebrations (SBC) where approximately half of the total expenditure relates to SBC equipment storage costs and so is recharged to the SBC “pot” towards the end of each financial year.

It should be noted that Council are potentially liable for all costs relating to the lease of this facility, regardless of any future activities relating to SBC. **It should also be noted that a new lease agreement is required and costs are still to be confirmed.**

Page 13 – Initiatives, Projects and Grants

YTD Expenditure currently sits at **£1,824** against a **YTD budget of £19,787**, leaving a **YTD budget surplus of £17,963**. This surplus is due to timing as most funds are awarded later in the financial year. The

variance between this year and last for initiatives over £20,000 is down to a misposting in Sage in May 2022 which was later amended.

Page 14 – Town Centre Strategic Partnership

There has been no activity so far for this financial year, and the “pot” remains at **£1,698**.

Page 14 – Shakespeare Statue Restoration

There was a small expenditure of £29 for imagery but no other spend or income. This leaves the “pot” with a **balance of £8,547**. The surplus will be carried forward to cover future cleaning costs and any further minor maintenance work required.

Page 15 – Shakespeare Birthday Celebrations

Funding contributions have been received from District Council and STC as well as donations and admin fees, bringing the YTD Income to £40,632. This is £5,000 down from this time last year. YTD expenditure stands at £29,146 giving a NET surplus of £11,485. This is compared to YTD expenditure of £32,652 and YTD Net surplus of £12,987 in May 2022. This brings the designated reserve to a balance of £78,028.

As previously reported, the substantial surplus “in the pot” for the current financial year is down to timing, as the District and Town Council’s contributions have been added to the “pot” after expenditure on the event in April 2023 has been accounted for. A reduction in the District Council’s contribution to £20,000 was proposed to match that of the Town Council in 2022-23. Despite budget challenges owing to high inflation and the cost of living crisis, there is still a commitment from both organisations to maintain this level of contribution. The Town Council may want to review their contribution and apportionment of other costs incurred in relation to this event in future years if budget challenges continue. However, there should still be sufficient funds in the designated reserve for the 2024 event if it is undertaken on a similar scale to 2022 and 2023, is further supported by fundraising. The impact of inflation and escalating event security charges should be considered for future costs.

Please ask for more information if you have any queries.

Responsible Financial Officer
May 2023